all surplus not needed for the reserve might as well be distributed as dividends" (p. 103). There are many rash conclusions, such as that the credit of banks in England is so unstable "that the collapse of the whole structure would hardly be a surprise."

The first chapter, which treats of primitive money, is good; the second chapter, which treats of coinage, is still better. Bimetallism is discussed more fully than other topics, and in excellent style. The countless experiments with bimetallism are summarized, showing how "the practicability of using two metals simultaneously as money was tried in every conceivable fashion and found impossible." The remaining five chapters have to do with credit for the most part, and are much better on the whole than the defects about banking noted above would indicate.

F. R. CLOW.

The Rise of Commercial Banking Institutions in the United States. By ADOLPH OSCAR ELIASON. Minneapolis: University of Minnesota Press, 1901. 8vo, pp. 69.

THIS very brief historical study seeks for the source of commercial banking in the United States, as sharply distinguished from the colonial "banks" or paper-money issues. The first chapter, in a series of short paragraphs, makes reference to the most important incidents in the paper-money experience of the colonies with a multitude of footnotes which invite further investigation.

The writer finds that the Bank of North America was the first institution worthy of the name bank, in the modern sense — a place where private credit could be made the basis for commercial exchanges through a check and deposit system.

This backwardness is attributed to the industrial self-sufficiency of the family and the commercial dependence upon England.

The material used might have been expanded with much advantage to the work in interest and usefulness.

An extensive bibliography is appended.

MURRAY S. WILDMAN.

The Fundamental Problem in Monetary Science. By CORREA MOYLAN WALSH. New York; The Macmillan Company, 1903. 12mo, pp. x + 383.

"ECONOMICS pretends to be a science. But economics cannot be a science as long as there continue among its most conspicuous adepts

the confusion of ideas and fallaciousness of argumentation that we have been tracing." Our author speaks such words (p. 639) after having, in a detailed examination of the literature on the standard of deferred payments, abundantly justified words like these, and, as one is now and then compelled to admit, having himself occasionally illustrated them. In truth there is hardly a writer on the theory of money who does not fare badly under the test of Mr. Walsh's severe logic and his deep-going, acute, unsparing criticism. Occasionally, also, it is true that this criticism, while justifiable, and applied in a coldly impersonal temper, impresses one as almost ruthless in the surgeon-like quality with which the scalpel is handled. In some instances also the damage inflicted strikes one as more apparent than real; in not a few cases a more sympathetic interpretation of the argument under criticism, or of the theory under discussion, might, with a larger charity for verbal inconsistencies or a better recognition of economy of space, have furnished forth a doctrine of larger claims to consideration. These faults, however, are not serious in view of the evident impartiality and sincerity of intention in the author's work; the opportunity for reasonable mistake is commonly fairly chargeable to the writer who is summoned to do penance for it; and the prodigious learning of the work attempted will excuse the author's occasional missing of a meaning at best not over-plain.

"What is in good money the quality that constitutes its goodness?" Money being used as a measure of value and as a store of value over wide intervals of space and time, it has—our author declares—become a commonplace that money should be as stable in value as possible. "It would be idle to cite authorities;" this "with the fewest exceptions economists have affirmed." So much, therefore, may be assumed; but the real and difficult inquiry is "*What kind of value is it that money measures and stores and should possess in a stable manner?* This is the fundamental problem in monetary science."

"Intrinsic value" may be dismissed as meaning merely that the metallic weight and fineness of money is the invariable quality desired—a rule that would through thick and thin require that a metallic system of money, once established, should be maintained unchanged forever, no matter how cheap or plenty or dirty it, whether gold or copper or iron, should become.

Likewise the value of money, in the sense of the interest rent for it, or of the discount computed for the use of it or of capital, is dismissed from consideration, seemingly upon the ground of its evident

absurdity and its general repudiation. (1) "True economic value .... is a value with several varieties or species;" economists have sometimes meant by value "little more than what is signified by the word utility; and this may be distinguished as use-value;" (2) there is *esteem-value*, indicating "the energy with which we cling to what we possess and the effort we are willing to put forth to acquire things;" (3) *cost-value*, "the correlative of the effort of labor which things cost their producers;" (4) *exchange-value* (p. 6).

It is, then, between these four conceptions of value, or rather between three out of these four, that we have to choose; for

> the idea of use-value is of course to be left out of consideration; ... money has use-value only in consequence of having exchange-value. .... Perhaps it may even be right to assert, with Rau, that money has not use-value at all, since it is never consumed. The question then narrows itself to the three positions, whether money shall be stable in exchange-value, or in cost-value, or in esteem-value. (P. 11.)

Our author's notion of *esteem-value*, which, early and late, comes in for a deal of discussion, deserves some examination at this point, for it is not easy to make out precisely what he means by the term. In the passage just cited it is in a manner set off against cost-value and measured, not in the labor or burden to the producer, but in the effort which the producer is disposed to put forth in the process of acquisition (p. 6). On p. 7 esteem-value is described as

> greater or smaller, according to the desire awakened in us by the utility of the thing in the particular circumstances in which we find ourselves; .... if we already possess much of it, we may be satisfied, and want no more of it; .... the want we feel .... is not proportional to its utility, but to its utility and rarity.

This sounds very like marginal utility; and yet as such, one may remark by the way, it must be a personal category, as incapable as is cost-value of comparison with any other man's appreciation of value, since the desires or pleasures of different men are not commensurable quantities. The ascription to Jevons of the discovery of esteem-value would indicate that his identification of it with final utility is intended to be adopted (p. 11). But on p. 12, as before on p. 6 and later on p. 72, esteem-value is stated as "the difficulty of obtaining possession of goods," in contradistinction to cost-value as "the difficulty of producing goods"—both, however, being regarded as subheads under labor-value. And on p. 296 it is said

> cost-value is identified with the labor required to produce or acquire commodities, and esteem-value is identified with the final utility in commodities sufficient to overcome the disutility of the labor required to produce or acquire them.

And on p. 86, esteem-value is set forth as that kind of value which the Austrian School "sets up as the principal and essential kind of value, or value proper." Without attempting to pass judgment on the ultimate merits of the case, it is safe to assert that this is well adapted to make an Austrian uneasy. And on p. 187 the esteem-value of money is stated to be its cost-value. Yet, reverting to p. 7, we find that "in the long run cost-value cannot be above esteem-value, ... but it can remain indefinitely below esteem-value."

On the whole, without intending to be captious, it is fair to call this perplexing and to express the regret that one who has so acutely and successfully read many another writer deserved lessons upon the dangers of careless terminology and faulty logic has not been able to do better than this himself. But for well or ill we shall best follow the spirit of our author's discussion by assuming that in *esteem-value* he is trying to get at the same thing that the Austrians are trying to get at in marginal utility or marginal value — whatever this may be; and however clearly, on further examination, this notion manifests its essential qualities of intangibility and unintelligibility.

> At the beginning, therefore, the problem may be regarded as principally a two-faced one: Ought money to be stable in *commodity-value*, or exchange-value; or ought it to be stable in *labor-value*, whether this be cost-value or esteem-value? (P. 12.)

And now, based all the while upon this assumption that the essential problem is a value problem, there follow three hundred pages of close work — an incredibly widely-read marshaling and grouping of authorities; clear, compact, and masterly exposition; searching logical analysis; acute, incisive, discriminating, and destructive criticism — all the while preserving the amenities of discussion in the dry light of scientific temper, and, even when most unjust in interpretation, manifesting the most evident and unquestionable fairness of purpose.

It is made clear that an inquiry into the nature of a measure of value is not at all the same thing as an inquiry into the causes of value; so, while our author pronounces the labor-cost theory of value to be past the need of further discrediting, he yet regards labor-cost as entitled to a day in court as a standard of deferred payments. In the opinion of

the present writer, Mr. Walsh's not over-short, but altogether thorough, review of the case leaves little of the labor-cost doctrine for any purpose, despite the long array of authoritative names cited in support of it.

His discussion of esteem-value seems much less satisfactory; but this may be due to the difficulty already admitted of finding out just what esteem-value is. Perhaps it is not worth while to insist further upon this point; yet esteem-value would be an intelligible concept if taken as market-value viewed exclusively from the side of demand, which view would not widely depart from the Austrian view at its best; but, as such, esteem-value, even where conditions of supply remain unchanged, is not to be regarded as purely a question of desires, but of desires restrained and limited by the necessity of choice as against other and varying possible applications of purchasing power, and as finally expressed through the offer of this purchasing power. The poor man foregoes what the rich man purchases, not as a question of weaker desires or of actual lack of purchasing power but of displacement of other commodities of greater relative importance.

But this relatedness of esteem-value to other esteem-values would reduce the concept of value to *relative* marginal utility in the personal reckoning — a purely individual category — which is really what the Austrian means or ought to mean by marginal utility, viz., the marginal man's estimate of one utility compared with that other best utility which the same purchasing power will command. But, in this view of the case, exchange-value and esteem-value are one and the same; our author can be justified in making them two, only upon the assumption that the Austrian analysis is faulty, which position should, at the hands of a strict logician, require some argument. And yet on p. 184 Walras is interpreted to hold that "there are no values, but only relations of values; which can hardly bear other interpretation than that exchange-values are relations of esteem-values." Nevertheless, our author's position is something other; on p. 37 he says that "wheat, or corn in general, or food of any sort is no more stable in use-value than is any other article the use of which is not dependent upon fashion;" one judges for the reason that these commodities vary in supply and therefore vary in marginal service; and "fortunately . . . . it is by no means stable in esteem-value; . . . . one of the blessings of material progress, enlarging room for spiritual increase, is that our daily bread should fall in esteem-value." This must mean one of two things: (1) that food is getting cheaper in terms of human effort — a thing both true and fortunate; or (2) that food is cheapening faster than the

general run of commodities—a thing which is not true and would be questionable as a matter of good fortune; and it is a meaning which, while falling under the Austrian notion of relative marginal utility, would fall foul of the notion expressed on pp. 6, 12, and 72, of esteem-value as "the difficulty of obtaining possession of goods." But on p. 35: "In the idea that a thing will be stable in value if the relation between its supply and demand remains constant, there resides a double meaning introduced by the double meaning in the word demand"—viz., (1) effective demand and (2) mere desire. In (1) constancy in demand implies constant exchange-value; in (2) constancy in esteem-value. "In the latter case the idea is that the thing is supplied in quantity to yield a constant amount of satisfaction, thereby awakening a constant amount of esteem for it." Now this is a concept of constant *total* utility and not of constant marginal utility; it excludes relativity of usefulness from the concept of esteem-value; for this notion of relativity is by the author confined to case (1), that of effective demand, where

> the idea is that the thing is supplied in quantity sufficient to yield an amount of satisfaction which retains a constant proportion to the amount of satisfaction yielded by the supplies of all things collectively, or in the average, thereby awakening in people an amount of esteem equal to the average amount of esteem awakened in them by all other things.

On the whole it is fairly clear that nothing is clear in this discussion of esteem-value, and that nothing much is likely to come of it; we shall therefore the more readily acquiesce in our author's conclusion that no place is to be awarded to esteem-values in this threefold or fourfold competition.

It therefore follows—use-value having been excluded by general consent, and a like consent having been more tardily and somewhat mistily gained for excluding esteem-value, and cost-value having been adequately and convincingly driven from the field—that to exchange-value must be awarded the decision—unless indeed it may be possible to give to labor cost some rights through partnership with exchange-value or by some method of compromise. Such method or methods, however, our author pronounces with good reason to be illogical and a misjoinder. Any attempt toward a composite standard or mixture "would seem to be condemned at the outset by the fact that it is not a standard of any kind of value" (p. 24).

But now it becomes necessary to retrace our steps and to inquire by just what kind of reasoning it was established that the standard of

payment must be somehow worked out in terms of value; for this one position proved or premised, there seems to be no escape from the author's conclusion. Was this position really proved?

After mentioning (1) use-value or utility, (2) esteem-value, (3) cost-value, and (4) exchange-value, our author (p. 11) goes on to say "the idea of use-value is of course to be left out of consideration. We are not concerned whether money remains constant or not in use-value;" money appeals to us, *qua* money, only in its aspect of exchangeability. To this we are constrained to assent; surely the thing of importance in money, *qua* money, is not the use-value of the bullion—not its subjective value, but the subjective exchange-value of it—to adopt for the moment the Austrian jargon. And this is what our author has in mind; for he says "the only use we make of money as money is to exchange it for the things we really want. Or perhaps even it may be right to assert with Rau that money has not use-value at all, since it is never consumed," etc. Therefore, it is concluded, since we cannot consider money in the aspect of its direct utility as bullion for consumption, but only in the aspect of what it will exchange for, we are are also somehow held to consider those things into which it is to be exchanged, not in their aspect of utility, but in terms of some sort of value—of which value there are, we recall, these three remaining kinds, cost, esteem and exchange.

And so here we are, as early as on the eleventh page, deftly, neatly, safely, by some devilish cantrip sleight, landed before our threefold instead of fourfold problem. And we have, it seems, submitted ourselves to more than this limitation to this threefold aspect—cost, esteem, and exchange—for now, we bethink us, we are to discuss the problem purely as one of value—cost-value, esteem-value, or exchange-value. And how came this? By the fact that as early as p. 1—running over onto p. 2—it was set forth that "that is the best money which approaches nearest to being stable in value;" this is a commonplace—everybody "with the fewest exceptions" admits it, nay affirms it—so let it be assumed without more ado; and if later any one, after this his full and frank admission, should be tempted to break faith and to hark back to the total-utility standard of payment or to anything of the sort, he shall be told that no question of the utility of what the money will buy can be raised, but only the question of value, since the direct use-value of money is not in the discussion, it being true that we cannot consume the money, *qua* money.

Verily, to bring us to this conclusion so easily there was needed

some manner of beguilement worked upon us, and this by one who has little patience with the unsupported assumptions with which he finds monetary science to be filled. It is indeed certain that our author in his three hundred pages of acute critical analysis has taken many an argumentative fall out of the masters of monetary science, has sent them reeling from him logically tripped and grotesquely sprawling, but never a one of them all to find himself in a more embarrassing plight than this.

So, after all, it was argumentatively admissible that Ross and Clark and two or three others should have made some talk about total utility or changing standards of living, and should, by devices more or less plausible, have found excuse for modifying the strict rule of equal command over commodities.

Nor is our author justified in interpreting all — perhaps even any — of these positions, as a mixture of the commodity and the wages standards. To urge that a comprehensive multiple standard must contemplate more than material tangible commodities,—should include not fiddles only, but fiddling; should allow for all consumable goods, whatever the form which the valuable fact may assume; should allow, in short, for the actual structure of the budget according to which incomes are expended, and to the extent that expenditure is for housemaids, teachers, preachers, and doctors should take account of these services as of all consumption goods,—is not to advocate the wages standard in any sense resembling the interpretation placed by our author upon the term; *e. g.:*

> The intermediate standard recommended by these authors could be justified in either of two ways. It could be realized by making out the index numbers for prices, and again the index numbers for wages or earnings, and then drawing a mean between them, assigning equal importance or weight to each; or by putting all in the same list, taking care to give as much weight to all the wages or earnings together as to all the prices together.

And in a note: "this requirement is on the assumption that an exactly mid-way position is desired" (p. 214).

In summing up the merits and the demerits of this important, interesting, and serviceful book, one abates no measure of praise for the critical side of the work as a whole, in expressing the wish that the constructive side were equally creditable, and that to his wide and exhaustive command of the literature of money the author had added a more thorough familiarity with the field of value discussion; one inclines to believe that in such case the subject of value would have

received a less important and directing function in the discussion, and that, with less heard about value, more would have been heard about utility—all to the great profit of a book which, nevertheless, is upon the whole an admirable piece of work.

H. J. DAVENPORT.

Dictionnaire du commerce de l'industrie et de la banque. By MM. YVES GUYOT and A. RAFFALOVICH. Paris: Gillaumin & Cie, 1901. 2 vols., 8vo, pp. 1286 and 1702.

UNDER the above title the editors have, with the assistance of some four hundred contributors, brought together within the space of two large volumes a mass of material on various subjects. The work purports to be a dictionary of commerce, industry and banking. Its scope is more analogous to that of a general encyclopædia. in which geography plays a disproportionate rôle. It is questionable whether much of this easily accessible material might not be omitted and other subjects emphasized with profit. The great advantage of the work lies in the fact that most of the contributors are experts of a high order. Their large number has rendered more difficult the task of the editors. The work lacks symmetry. Although a dictionary of commerce, industry and banking, the articles "Commerce" and "Industry" are condensed to three pages. Industry is, of course, treated in detail under the various commodities, but "commerce" is minimized. Some articles are treated in a comparative way, as, for example, that on banking, where about eight pages are devoted to the "Bank of France" and over three times the number to foreign banks. On the other hand, twenty pages are devoted to the French tariff, and nothing is said in regard to the tariff administration or history of foreign countries. In the five-page article on inland navigation, four and one-half pages are devoted to France. Some articles contain bibliographies, but there is no uniformity in the matter. The generally high expert character of the contributors renders especially valuable that phase of the work—a most important phase—relating to industrial technology.

GEORGE M. FISK.

UNIVERSITY OF ILLINOIS.

Studies in the Evolution of Industrial Society. By RICHARD T. ELY ("The Citizens Library of Economics, Politics, and Sociology"). New York: The Macmillan Co., 1903. 8vo, pp. xviii + 497.

IN general plan Professor Ely's latest book is much like Professor Bücher's *Industrial Evolution.* Both books are collections of essays on